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THE PROSPERITY OF THE BREWING INDUSTRY

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While the condition of all trades is a matter of common concern, the beer business is specially interesting because it is such an infallible barometer of general industrial conditions. When capital and labor are employed in constructive development, when the building trades are active, railroads prosperous, factories running full time, and the coal and iron men receiving steady wages, the laborer regards beer as a necessity. But in hard times, after his savings are gone and poverty begins to pinch, beer becomes a luxury, which he has to deny himself. He does not, however, lose his taste by self-denial, and the beer-drinking habit is readily resumed as soon as he can afford it. There is a curious analogy to be drawn between the savings bank deposits and the beer sales, for they seem to go up and down together. In times of sudden panic, neither the savings banks nor the brewers are immediately affected, and it is not until the consequent industrial depression has become general, and the labor market slumps, that savings are withdrawn, and the sales of beer fall off. Thus the beer consumption for the year which ended June 30, 1893, actually showed an increase of 8.58 per cent over the previous year, but the sales for the year following showed a decrease of 3.68 per cent, and the sales for the year ended June 30, 1895, showed a decrease of three per cent, as compared with 1893.

The volume of the beer trade in the United States during the past decade is shown by the table on the next page.

The sales for the year which ended June 30, 1909, showed a decrease of 4.14 per cent, which may be accounted for, in part, by the spread of prohibition, although in the main it is believed to be due to industrial conditions. The detailed figures will not be known until the complete report of the Commissioner of Internal Revenue is published. The preliminary report, which was issued on July 27, only gives the gross total, and this shows a decrease

of 2,444,183 barrels. I have, however, obtained reports from several collection districts in the important manufacturing states, which furnish conclusive evidence that the decrease is largely due to industrial conditions. For instance, in the first Pennsylvania district, which takes in Philadelphia and vicinity, there was a decrease of a fraction over five per cent, and the figures for Western Pennsylvania will, it is believed, show a still larger decrease. This is particularly significant, as there is no dry territory in the State of Pennsylvania. Connecticut and Rhode Island show a decrease of 2.40 per cent. In Greater New York, which is certainly not dry territory, the decrease is also nearly five per cent, and the same conditions are reported from the district which includes Newark and Jersey City. It is believed that the tide has now turned, for the months of June, July, August and September, 1909, show a marked increase over the sales of the same months in 1908. The increase in August alone amounted to 480,685 barrels, which makes up for twenty per cent of the entire decrease of the previous fiscal year.

Year.	Beer sales (to June 30) in barrels of 31 gallons.	Percentage of increase or decrease, as compared with each previous year.
1898	37,493,306	.....
1899	36,581,114	2.43 per cent Decrease
1900	39,330,848	7.52 per cent Increase
1901	40,517,078	3.02 per cent Increase
1902	44,478,832	9.77 per cent Increase
1903	46,650,730	4.89 per cent Increase
1904	48,208,133	3.34 per cent Increase
1905	49,459,540	2.59 per cent Increase
1906	54,651,637	10.49 per cent Increase
1907	58,546,111	7.12 per cent Increase
1908	58,747,680	.34 per cent Increase
1909	56,303,496	4.14 per cent Decrease

The following table shows the beer sales by states for the fiscal year which ended June 30, 1908, with the increase and decrease as compared with 1907. The total production of 1908 was slightly larger than that of 1907, in spite of the decrease which took place in the business in dry territory. The table indicates the relatively small importance of the prohibition movement in the Southern States. The total of the sales for the entire territory south of Ohio was only 2,817,672 barrels, which is less than five per cent

SALES OF BEER IN 1908.

States and Territories.	1908	Increase as compared with 1907.	Decrease.
Alabama	89,566	.....	23,681
Arkansas	11,775	1,675	.....
California and Nevada	1,259,175	39,551	.....
Colorado and Wyoming	437,780	38,734	.....
Connecticut and Rhode Island	1,239,905	17,150	.....
Florida	14,968	.....	2,232
Georgia	118,370	.....	57,490
Illinois	5,535,167	111,887	.....
Indiana	1,365,420	.....	46,906
Iowa	411,455	.....	9,501
Kansas and Oklahoma	27,100	.....	14,885
Kentucky	738,381	.....	5,152
Louisiana	510,258	19,993	.....
Maryland, Delaware and District of Columbia	1,443,952	.....	9,830
Massachusetts	2,201,861	43,011	.....
Michigan	1,539,833	18,528	.....
Minnesota	1,337,976	99,044	.....
Missouri	3,841,337	.....	7,356
Montana, Idaho and Utah	464,042	41,082	.....
Nebraska and South Dakota	428,933	32,086	.....
New Hampshire	301,132	.....	22,231
New Jersey	3,178,958	40,560	.....
New Mexico and Arizona	27,197	.....	2,150
New York	12,962,152	.....	54,752
North Carolina	10	10	.....
Ohio	4,401,313	78,172	.....
Oregon, Washington and Territory of Alaska	1,068,023	6,302	.....
Pennsylvania	7,569,557	27,761	.....
South Carolina	4,090	1,089	.....
Tennessee	260,638	.....	30,257
Texas	546,917	.....	9,859
Virginia	192,774	.....	17,069
West Virginia	341,700	7,459	.....
Wisconsin	4,875,965	.....	109,174
Total barrels	58,747,680	624,094	422,525

of the total production, and this includes Kentucky, Louisiana, Texas and the Virginias, which are "wet" states The total production in Alabama, Georgia, the Carolinas and Tennessee, now under prohibition, in 1908, was only 471,000, and the Georgia (487)

brewers are still doing business at the old stand. There is, however, a considerable quantity of beer shipped into the Southern States from Milwaukee, St. Louis and Cincinnati, and from other points on the border line. I do not know just what the total of these shipments is, but it is estimated at over a million barrels.

By the way, the Statistical Abstract of the United States for 1908, published recently by the Department of Commerce and Labor, is illuminating. It reveals that the per capita consumption of wheat flour, corn and corn meal, sugar and coffee decreased in 1908, as compared with 1907, much more largely than the decrease in the per capita consumption of beer. The consumption of tea for some unexplained reason dropped from 1.10 pounds per capita in 1906 to .99 in 1907, and went up again to 1.07 in 1908, but the amount of tea consumed as compared with coffee is very small. The exact figures are as follows:

	Per capita consumption.		Per cent of decrease in per capita consumption 1908 as compared with 1907.
	1907	1908	
Wheat and wheat flour..	6.86 bushels.	5.40 bushels.....	21.28% <i>Decrease</i>
Corn and corn meal...	33.11 bushels.	29.10 bushels.....	12.11% <i>Decrease</i>
Sugar	82.61 pounds.	75.42 pounds.....	8.70% <i>Decrease</i>
Coffee	11.36 pounds.	10.04 pounds.....	11.62% <i>Decrease</i>
Tea .....	.99 pounds.	1.07 pounds	8.08% <i>Increase</i>
Malt liquors	21.23 gallons.	20.97 gallons	1.20% <i>Decrease</i>
Distilled spirits	1.63 pf. gallons.	1.44 pf. gallons...	11.66% <i>Decrease</i>
Wines	— .67 gallon.	— .60 gallon.....	10.44% <i>Decrease</i>

The enormous expansion of the American beer trade, which has marked the progress of the temperance movement, is, of course, remarkable, but it is due, in part to the unprecedented increase in the urban population. It is generally estimated that eighty-five per cent of the entire beer business of the United States is a city trade. At the same time, the percentage of increase during the past twenty years in beer production, is believed to be much larger than the percentage of increase either in the total population of the country, or in the urban population. The total population of the United States in 1890 was 63,037,704, and in 1900, 76,303,000, an increase of 21.04 per cent. The urban population in 1890 was 20,768,881, and in 1900, 28,411,698, an increase of 36.8 per cent. The beer sales in 1890 were 27,561,944 barrels, and in 1900, 39,330,848 barrels,

which shows an increase of forty-three per cent. The comparative figures of the urban and rural population of the past decade are not, of course, available, but the total population in 1908 is estimated at 89,770,126, being an increase of 17.52 per cent since the 1900 census was taken. The beer sales increased from 36,581,000 barrels in 1899 to 58,747,680 barrels in 1908, an increase of 60.6 per cent. Evidently, therefore, the consumption of beer is increasing much faster than either the total or the urban population. In this connection, it is interesting to note that the sales in the principal revenue districts for 1908 were 41,422,295 barrels, which was seventy per cent of the total sales. These revenue districts comprise the following cities and vicinities, in the order of importance named: New York, Chicago, Milwaukee, St. Louis, Philadelphia, Newark, Pittsburg, Boston, Cincinnati, Albany, Rochester, Baltimore, Cleveland and Scranton.

In preparation for this article I addressed an inquiry to the principal brewing centers, asking for information showing the trend of the trade, and its relation to industrial conditions, the prohibition movement, weather conditions, soft drinks, the resort business, Sunday closing, etc., etc. Replies were received from twenty of the most important distributing points, representing sixteen states. The substance of these replies indicates that over half of the decrease in the beer sales during the past year was caused by industrial depression, and that probably twenty per cent of the beer is now sold in bottles. There has been no marked displacement of beer by soft drinks, even in dry territory. In the largest cities the Sunday beer business is variously estimated from five per cent to fifteen per cent of the total, but where the saloons have been closed on Sundays during the past two or three years, there has been a considerable increase in the trade in bottled beer. There is no doubt that the family consumption of beer is increasing everywhere out of all proportion to the general beer consumption. The perfection of bottling machinery, improved methods of distribution, reduced cost, and the advertising campaign which brewers are now entering upon, all tend to develop this branch of the business. Besides this, however, the operation of prohibition and local option tends to bring the consumer direct to the producer, and the demand for bottled beer in dry towns has become sufficiently important to indicate the promise of a profitable mail-order business. There

(489)

is, indeed, little new territory to be found in connection with the saloon trade, except as new cities spring up with the expansion of the railroads, and the development of suburban points, for there is hardly a city of any size that does not now have quite as many saloons as are actually needed for the reasonable convenience of the public. But every family within the range of a delivery wagon now has its own ice-box, and can keep beer at a palatable temperature, and when once a family tries the experiment, and finds how pleasant and harmless it is, the habit is almost sure to become fixed. Curiously enough, the development of the bottled beer business is decreasing the "growler" or bucket trade. The working-man's family in the cities is getting into the custom of keeping bottled beer on the premises, instead of sending to the nearest saloon for a pail of draught beer at meal times.

With the exception of the family trade, it seems to be the general opinion of the brewers that the country business is hardly worth having. The waste from loss of packages and broken bottles is considerable, the volume of the trade is small and collections are expensive and uncertain. Of course, when a family has a case of beer sent by express, the cost of the bottles is included in the bill. The draught beer business of the average country saloon is usually very small, and the freight charge relatively high. The following letter is enlightening on this subject:

"In New England the country trade is no considerable factor. Rural New England is dry, because the preponderance of rural sentiment is against license. Dry territory takes considerable beer in bottle. But our belief is that no more than a third of our own product in bottles goes into country districts. Of our own draught beer, probably ninety-five per cent is sold and consumed in cities and towns of 10,000 and upwards. We might hazard the guess then, that not more than fifteen per cent of our own product at the outside is for rural consumption; though we do not undertake to give actual figures. The tendency in the country is towards the use of spirits, as evidenced not only by the character of the mail-order business which the cities carry on with the rural people, but by the fact that the saloons of small license towns in the center of rural communities sell their out-of-town customers far more than the urban proportion of spirits to beer. What the country market might become if beer and ale might legally be sold, no one can say; but the

rural communities are the stronghold of prohibition as a matter of fact under any system of local option, and they bear the inevitable result of prohibition in the shape of little beer and much whiskey. In this section, then, the country market for draught beer is negligible, for bottled beer is only passable, but for the distiller it is a mint. Draught beer, in the large, is sold in the cities, and the industrial towns."

The average percentage of alcohol in draught beer is from three to three and one-half per cent, and in bottled beer from three to four per cent. It seems to be the general experience that the Near Beers, which have been exploited so much during the past eighteen months, are not giving satisfaction, and will not be a permanent factor in the business. These beers, which are sometimes called "Uno" and other fantastic names, contain only about one per cent of alcohol, and are practically soft drinks. They look like beer, and smell like it, but as a Southern critic puts it, "It ain't got no conversation." One of the leading brewers writes about it as follows:

"We do not make 'Near Beer,' or 'one per cent' as it is called in this section. Our observation is that it is not liked, is used only under compulsion, has its real function as a cover for the illegal sale of spirits, and has no permanent commercial future on its merits or as a satisfactory substitute for the more substantial fermented malt beverages. The volume of sales of 'near beer' fluctuates greatly. In territory newly dry, sales are large so long as prohibition is rigidly enforced, but as soon as enforcement slacks off in newly dry territory, conditions become what they are habitually in long dry territory—that is, the 'near beer' sales drop off to a minimum, employed chiefly as a cover for the sale of contraband spirits. In general, sales of 'near beer' furnish a fairly accurate barometer for judging the rigidity or laxness of enforcement of prohibition."

Another brewer writes that "at one time it looked as if Near Beer was going to play an important part in the business, but as long as the public can get the genuine product, they will not drink an imitation of it." I find that this opinion is quite generally confirmed by brewers in different sections of the country.

All of my correspondents are agreed as to the relation of the weather to the beer business. Many brewers keep a record of weather conditions in relation to their daily sales. In fact, some

brewers go so far as to say that weather governs the volume of business, other conditions being normal, and that the thermometer is a true indicator of the beer sales. A Chicago brewer puts the matter thus:

"We have some data showing the relation of the weather to beer consumption, but our data is not as complete as we would like to have it. However, the information does show that in warm dry days we sell considerably more beer than in moist and cool days. In July, 1908, for instance, it rained eight days, and the average temperature for the month was seventy degrees. In the same month of the year previous it only rained seven days and the average temperature was seventy-three degrees. In July, 1907, we sold a great deal more beer than in July, 1908. The largest proportion of the decrease in 1908 was of course due to hard times and the wave of prohibition, which hit us pretty hard a month or two previous, but we think the weather conditions also had a great deal to do with it. In July, 1909, we only had six rainy days and the temperature averaged seventy-three degrees, and the sales were just as large as in 1907. Taking different days in the same month we find the same conditions exist; for instance, the twenty-third and twenty-fourth of June this year we sent out considerable beer, but it rained on those days, and the next five days the weather was excellent. The first two of the five days the sales were very small, because the customers had stocked up on the two rainy days, but the last three of those five days the sales showed increases of several hundred barrels each day."

A number of my correspondents find a close connection between the immigration figures and the beer sales, which, of course, is perfectly natural. The schedules of the Bureau of Immigration which are made up for the year ending June 30th, correspond to the fiscal year of the Revenue Department and of the brewers. The number of immigrants and aliens admitted to the United States for the two years which ended June 30, 1907, was 2,386,084, and for the two years subsequent, 1908 and 1909, 1,534,656, a decrease of over thirty-five per cent. The actual difference is much greater because of the large number of immigrant aliens who departed from the United States during the same period. In 1908 alone, these reached a total of 395,073 persons. The attempt to get data as to the nationalities which comprise the prin-

cial beer drinkers in the United States is baffling because of the universality of beer drinking. Practically every nationality that is found in the census list is mentioned by one brewer or another as being particularly good customers. One naturally associates beer drinking with Germans and the English speaking races, but the Italians in this country have adopted the beverage almost universally, and the Russians, Poles, Scandinavians and Belgians are all noted among the regular beer drinkers. Some brewers, however, speak of the native American as being their best customers. The fact is that in this country, as in Europe, the beverage has become so popular that it is evidently destined to be the universal drink of the future.

The growth of the lager beer business, which comprises ninety-five per cent of the entire beer business in the United States, is most remarkable when it is considered that it has only been in popular favor for about fifty years. Dr. Benjamin Rush, of Philadelphia, who is often spoken of as the real father of the temperance movement in the United States, labored persistently over a century ago to popularize beer as a measure of temperance. The introduction of the internal revenue system in 1861 gave a powerful impetus to brewing, and the business was helped along by the German immigration, which at that time had assumed large proportions. From 1863 to 1909 the brewers have paid no less than twelve hundred million dollars of revenue into the United States Treasury.

The capital invested in American breweries is now estimated at five hundred and fifty million dollars, which puts it sixth in the list of the three hundred industries that are mentioned in the United States Census of Manufactures, published in 1905.¹ Eighty per cent of the capital invested is represented in the cost of buildings and machinery. In the same bulletin is given the average yearly wage in the various industries, and it is interesting to note that brewery employees are at the head of the entire list, their average wage being given as \$719.64. The government report shows that "in the manufacture of beer, labor gets one dollar out of every \$5.50 produced. In the manufacture of flour, labor gets one dollar out of every \$26.35 produced. In the manufacture of fruit preserves, labor gets one dollar out of every \$6.35 produced.

¹ Census Bulletin No. 57.

In the manufacture of cheese, butter and condensed milk, labor gets one dollar out of every \$16.50 produced. In the manufacture of coffee and spices, labor gets one dollar out of every \$27.75 produced. In the manufacture of cordage and twine, labor gets one dollar out of every \$7.70 produced. The list might be extended to the same effect. It is clear that the brewing industry does well by labor, pays the highest wages and gives the workingman the largest proportionate share in the financial profit."

In common with other great industries there is a marked tendency in the brewing trade towards the concentration of the business in the hands of the largest concerns. There are some 1,600 breweries in the United States. One hundred and fifteen brewing companies sold during the year which ended June 30, 1909, over 28,000,000 barrels, constituting about forty-eight per cent of the total output. Many of these companies are consolidations of a number of brewing plants, so that they represent some 200 plants.

The following table will show the growth of the business since 1880 in the various divisions of states:

States.	1880	1890	1900	1908
North Atlantic	7,967,534	14,491,585	19,592,693	27,453,565
South Atlantic	343,380	904,249	1,447,163	2,115,864
North Central	4,673,371	10,290,605	15,433,470	23,764,499
South Central	250,058	695,006	1,289,893	2,157,535
Western	512,768	1,180,499	1,567,629	3,256,217
Totals	13,747,111	27,561,944	39,330,848	58,747,680

The percentage of increase was as follows:

States	1890 over 1880.	1900 over 1890.	1908 over 1900.
North Atlantic	81.8	35.2	40.1
South Atlantic	163.2	60.6	46.3
North Central	120.2	50.1	53.4
South Central	177.7	85.5	67.7
Western	130.4	32.8	107.7

The growth of beer manufacture in the South is clearly shown in the above table. Until the development of the ice machine, brewing was practically restricted to the northern states. Thus, up to about 1880, most of the beer consumed in the South was shipped in from the breweries of the North. With the perfection

of refrigerating machinery, however, and the scientific discoveries which made it possible to brew and store beer in any climate, breweries began to spring up in all the important cities of the South. In many cases capital was secured from the North, by the inducements which were offered by local enterprise. In fact it is not too much to say that the cities of the South solicited the brewing trade, and that most of the breweries in the southern states were originally built by northern men with northern capital, under the assurance of moral support and an unlimited franchise.

There is no doubt that lager beer has already changed the drinking habits of the masses in the cities of the South, and that it has been an important factor in promoting true temperance. But the men who lead the prohibition movement do not discriminate between beer and spirits, and in the wild hysteria which has marked the recent exploitation of the temperance sentiment, all beverages which contain alcohol have been classed together, excepting only cider—which is an “agricultural product,” though it contains fifty per cent more alcohol than bottled beer, and patent medicines—which are supposed to be taken with a wry face, and must therefore be good for both body and soul. But the people of the cities are so thoroughly dissatisfied with the imposition of prohibition that there will surely be a readjustment before long, and with this will come a great expansion in the beer business in all the progressive southern states.